
Finance Committee

HB 1404

Brief Description: Providing a sales tax exemption for certain trail grooming services.

Sponsors: Representatives Wallace, Hinkle, Condotta, O'Brien, Fromhold, Ahern, McCune and Warnick.

Brief Summary of Bill

- Exempts trail grooming services purchased by the state of Washington and nonprofit corporations from sales tax.

Hearing Date: 2/2/07

Staff: Jeff Mitchell (786-7139).

Background:

Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and some services. Use taxes apply to the value of most tangible personal property and some services when used in this state, if retail sales taxes were not collected when the property or services were acquired by the user. Use tax rates are the same as retail sales tax rates. The state tax rate is 6.5 percent. Local tax rates vary from 0.5 percent to 2.4 percent, depending on the location. The average local tax rate is 2.0, for an average combined state and local tax rate of 8.5 percent.

Included in the retail sales tax base are charges made for clearing land and moving earth, except where land is leveled for the purpose of farming. This includes snow compacting, snow redistribution, and snow removal, on state-owned or privately-owned trails.

The Parks and Recreation Commission (Commission) has managed a winter recreation program since 1975 called Sno-Park. The Commission provides cleared parking areas in close proximity to groomed and backcountry trails on public and private lands. The Commission contracts with vendors to provide the trail grooming services, in which the vendor maintains and arranges the snow cover on the trails to facilitate the type of designated winter recreation for the trail.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

A 2004 audit by the Department of Revenue found that the Commission should pay sales taxes on its purchased trail grooming services.

Summary of Bill:

Trail grooming services provided to the state of Washington and nonprofit corporations are exempted from sales tax.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.